



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 07-14, Maine State Income Tax Withholding

Date: May 1, 2007

To: Holders of TAXES (State of Maine only)  
Personnel User Groups  
T&A Contact Points in Maine

The state of Maine has eliminated the Married with Two Incomes status on Form W-4ME, Employee's Withholding Allowance Certificate. Due to this modification, the National Finance Center's (NFC) special coding is being updated to eliminate the Married - Filing Jointly (N) status. Therefore, beginning with wages paid for Pay Period 8, employees who currently have a filing status of N will have taxes calculated as Single (S) using the number of exemptions on the database. Personnel offices should notify employees who are currently coded N to review their filing status and complete a new Form W-4ME.

Beginning with wages paid for Pay Period 8, NFC will also make the following changes to the state of Maine income tax withholdings:

- The Single and Married (M) withholding tables will change.
- The dental and vision insurance program will be added to the nontaxable biweekly Federal Employees Health Benefits Plan payment section.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

 for

MARK J. HAZUDA, Director  
Government Employees Services Division

# Maine State Income Tax Information

<b>State Abbreviation:</b>	ME
<b>State Tax Withholding State Code:</b>	23
<b>Acceptable Exemption Form:</b>	W-4 or W-4ME
<b>Basis For Withholding:</b>	State Exemptions
<b>Acceptable Exemption Data:</b>	S, M / Number of Allowances
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	Determine the Total Number Of Allowances Claimed field as follows: <b>First Position</b> – S = Single; M = Married; <b>Note:</b> Previous Filing status N (Married – Filing Jointly) defaults to S (Single)◀ <b>Second and Third Positions</b> – Enter the number of allowances claimed. If less than 10, precede with a zero.
<b>Additional Information:</b>	If the W-4 is used, code it as a state tax document. ▶ An employee who had a filing status of Married, Filing Jointly (N) and wants to claim Married (M) must complete a new W-4 with filing status (M).◀

## Withholding Formula ▶(Effective Pay Period 8, 2007)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes ▶ dental and vision insurance program, and◀ flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 27 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4 to determine the taxable income.  
$$\text{Exemption Allowance} = \$2,850 \times \text{Number of Exemptions}$$
6. Apply the taxable income computed in step 5 to the following table to determine the annual Maine income tax withholding.

**Tax Withholding Table  
Single  
(Filing Status S)**

If the Amount of Taxable Income Is:		The Amount of Maine Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ 0	\$ ▶ 2,500	\$ 0	plus 0.0%	\$ 0
2,500	7,250	0	plus 2.0%	2,500
7,250	11,950	95	plus 4.5%	7,250
11,950	21,450	307	plus 7.0%	11,950
21,450	and over	972	plus 8.5%	21,450 ◀

**Married  
(Filing Status M)**

If the Amount of Taxable Income Is:		The Amount of Maine Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ 0	\$ ▶ 6,050	\$ 0	plus 0.0%	\$ 0
6,050	15,550	0	plus 2.0%	6,050
15,550	25,000	190	plus 4.5%	15,550
25,000	44,000	615	plus 7.0%	25,000
44,000	and over	1,945	plus 8.5%	44,000 ◀

7. Divide the annual Maine income tax withholding determined in step 6 by 27 and round to the nearest dollar to obtain the biweekly Maine income tax withholding.

**Note:** If the annual computed tax is \$40 or less, the withholding amount will be changed to zero.